

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

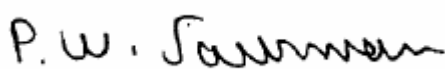
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing 	Printed Name		License Number	

WRIGHT TOWNSHIP
Ottawa County, Michigan

Comprehensive Annual Financial Report

For the year ended March 31, 2006

WRIGHT TOWNSHIP
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For the year ended March 31, 2006

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FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

July 11, 2006

The Township Board
Wright Township
Ottawa County, Michigan

We have audited the accompanying financial statements of the governmental and business-type activities, the major funds and the aggregate remaining fund information of Wright Township (the "Township") as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the elected officials and management of the Township. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental and business-type activities, the major funds and the aggregate remaining fund information of Wright Township as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Wright Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Alden, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2006

As management of the Wright Township ("the Township"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2006. We encourage readers to consider the information presented here in conjunction with the Township's financial statements, which immediately follow this section.

Financial Highlights

- The Township's net assets increased by \$54,693 (or 3.54 percent).
- Total expenses of the Township's programs were \$812,711.
- Total revenues, including all program and general revenues, were \$867,404.
- At the close of the current year, the Township's governmental funds reported combined ending fund balances of \$1,006,938, an increase of \$89,666 from the prior year.
- At the end of the current year, the unreserved/undesignated fund balance for the General Fund was \$922,924, or 121 percent of total General Fund expenditures.
- The Township's Sewer Enterprise Fund had \$107,409 in net assets at year-end.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected property taxes and earned but uncollected sewer usage fees and special assessments).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, roads and parks. The business-type activity of the Township is the Sewer Enterprise Fund.

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2006

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances for the General Fund and Special Assessment Debt Service Fund, each of which are considered to be major funds. Data from the other two governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 14-19 of this report.

The Township adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds are used to report the same functions presented a business-type activities in the government-wide financial statements. The Township maintains the Sewer Enterprise Fund to account for its sanitary sewer usage operation and maintenance. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary funds provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Township's own programs. The accounting used for fiduciary funds is like that used for proprietary funds.

Notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 24-36 of this report.

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2006

Government –Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Wright Township, assets exceeded liabilities by \$1,597,900 at the close of the fiscal year.

A substantial portion of the Township's net assets, \$452,175 (28 percent), reflects its investment in capital assets (e.g. land, land improvements, buildings, sewer system,), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Statement of Net Assets provides financial information on the Township as a whole as of March 31, 2006.

Wright Township's Net Assets						
	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Assets						
Current assets	\$ 1,050,791	\$ 966,790	\$ 97,409	\$ 154,960	\$1,148,200	\$ 1,121,750
Capital assets	935,575	951,556	10,000	10,000	945,575	961,556
Total Assets	1,986,366	1,918,346	107,409	164,960	2,093,775	2,083,306
Liabilities						
Current liabilities	35,075	46,699	–	–	35,075	46,999
Noncurrent liabilities	460,800	493,000	–	–	460,800	493,000
Total Liabilities	495,875	540,099	–	–	495,875	540,099
Net Assets						
Invested in capital assets	442,175	425,556	10,000	10,000	452,175	435,556
Restricted	114,354	114,971	–	–	114,354	114,971
Unrestricted	933,962	837,720	97,409	154,960	1,031,371	992,680
Total Net Assets	\$1,490,491	\$ 1,378,247	\$ 107,409	\$ 164,960	\$ 1,597,900	\$ 1,543,207

An additional portion of the Township's net assets, \$114,354 (7.2 percent) represents resources that are subject to external restrictions on how they may be used. The Township may use the remaining balance of unrestricted net assets of \$1,031,371 (65 percent) to meet its ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, and for its separate governmental and business-type activities.

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2006

The Statement of Activities presents changes in net assets from operating results for the year ended March 31, 2006:

Wright Township's Changes in Net Assets						
	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues						
Program revenue:						
Charges for services	\$27,221	\$32,732	-	-	\$27,221	\$32,762
General revenue:						
Property taxes	547,353	497,853	-	-	547,353	497,853
State sources	248,120	252,100	-	-	248,120	252,100
Investment earnings	29,958	20,993	1,349	1,542	31,307	22,535
Other	13,403	5,339	-	217,958	13,403	223,297
Loss on sale of capital assets	-	-	-	(15,502)	-	(15,502)
Total revenues	866,055	809,017	1,349	203,998	867,404	1,013,015
Expenses						
General government	151,551	147,231	-	-	151,551	147,231
Public safety	142,540	147,491	-	-	142,540	147,491
Public works	406,432	603,594	-	-	406,432	603,594
Health and welfare	22,675	-	-	-	22,675	-
Recreation and cultural	-	3,165	-	-	-	3,165
Other township	18,867	21,446	-	-	18,867	21,446
Interest on long-term debt	11,746	18,770	-	-	11,746	18,770
Sewer operations	-	-	58,900	225,407	58,900	225,407
Total expenses	753,811	941,697	58,900	225,407	812,711	1,167,104
Increase (decrease) in net assets	112,244	(132,680)	(57,551)	(21,409)	54,693	(154,089)
Net assets - beginning of year	1,378,247	1,510,927	164,960	186,369	1,543,207	1,697,296
Net assets - end of year	\$1,490,491	\$1,378,247	\$107,409	\$164,960	\$1,597,900	\$1,543,207

Governmental activities increased the Township's net assets by \$112,244. Key elements of this change are as follows:

- Property taxes increased by \$49,500 (10 percent). This increase is a product of new construction in the Township, increased valuations on existing properties and the new aging council millage.
- Governmental funds' expenditures for 2005-06 decreased by \$187,886 (20 percent) compared to 2004-05 amounts due to a reduction in road and drain improvement projects.

Business-type activities decreased the Township's net assets by \$57,551 due to engineering fees related to the ongoing process of transferring the sewer operation and maintenance system to the City of Grand Rapids.

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2006

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,006,938, an increase of \$89,666 in comparison with the prior year. 88 percent of this total amount constitutes unreserved fund balance, which is available for spending at the Township's discretion.

Wright Township's funds are described as follows:

Major Funds

The *General Fund* is our primary operating fund. The General Fund had total revenues of \$861,315, total expenditures of \$733,684, transfers from other funds of \$946, and transfers to other funds of \$31,711. It ended the year with a fund balance of \$922,924, up from \$826,058 at March 31, 2005.

The *Special Assessment Debt Service Fund* levies special assessments for debt service purposes. The Fund had total revenues of \$8,179 and total expenditures of \$14,755. It ended the year with a fund balance of \$72,976, down from \$79,552 at March 31, 2005.

Nonmajor Funds

The *General Obligation Debt Service Fund* collects General Fund contributions for debt service purposes. Transfers from the General Fund were \$31,711 and expenditures totaled \$31,711. The fund balance is maintained at zero.

The *Cemetery Perpetual Care Fund* collects cemetery fees to be used for cemetery upkeep. Total revenues were \$322 and transfers to the General Fund totaled \$946. Expenditures were zero for the year. It ended the year with a fund balance of \$11,038, down from \$11,662 at March 31, 2005.

Proprietary fund. The Township's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The Sewer Enterprise Fund had total revenues of \$1,349, total expenses of \$58,900, and a decrease in net assets of \$57,551 from March 31, 2005. Other factors concerning the finances of this fund have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

The Township revised the annual operating budget during the year to comply with Michigan Department of Treasury guidelines. The budget amendments were made to reflect changes in revenues and expenditures as they occurred during the year, including reduced state shared revenues as the State of Michigan lowered its revenue sharing formula to local governmental units.

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2006

Capital Asset and Debt Administration

Capital Assets

At March 31, 2006, the Township had a \$1,130,700 investment in a broad range of capital assets, including land, land improvements and buildings and improvements. (More detailed information about capital assets can be found in the notes to basic financial statements.)

Capital asset purchases totaled \$11,164 for the fiscal year with accumulated depreciation increasing \$27,145. The net book value of capital assets at March 31, 2006 is detailed as follows:

	Governmental Activities	Business-type Activities	Total
Land	\$ 7,275	\$ 10,000	\$ 17,275
Land improvements	856,723	—	856,723
Buildings and improvements	71,577	—	71,577
Net Capital Assets	\$ 935,575	\$ 10,000	\$ 945,575

Long-Term Debt

At year end, the Township had \$68,400 in drain improvement notes and \$425,000 in bonds outstanding (general obligation and special assessment improvement). Prior year debt balances were reduced by payments of \$32,600 during the current year. There is more detailed information about long-term liabilities in the Notes to Basic Financial Statements.

Factors Bearing on the Township's Future

At the time these financial statements were prepared and audited, the Township was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Township's initial General Fund budget for 2006-07 anticipates no change in year end fund balance. This estimate reflects property tax growth within the Township, continuing reductions in state shared revenues and a continuing effort to control/reduce costs within the Township, while continuing to maintain a high quality of taxpayer service.

Contacting the Township's Financial Management

This financial report is designed to provide the Township's citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Linda Way, Township Clerk, Wright Township, 1565 Jackson Street, PO Box 255, Marne, MI, 49435.

BASIC FINANCIAL STATEMENTS

WRIGHT TOWNSHIP
Statement of Net Assets
March 31, 2006

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash equivalents, deposits and investments (Note B)	\$ 931,559	\$ 97,409	\$ 1,028,968
Receivables:			
Taxes (Note C)	36,176	-	36,176
Accounts	65	-	65
Special assessments	43,853	-	43,853
Due from other governmental units	38,669	-	38,669
Internal balances	469	-	469
Total Current Assets	<u>1,050,791</u>	<u>97,409</u>	<u>1,148,200</u>
Noncurrent Assets			
Capital assets (Note E)	1,120,700	10,000	1,130,700
Less accumulated depreciation	(185,125)	-	(185,125)
Total Noncurrent Assets	<u>935,575</u>	<u>10,000</u>	<u>945,575</u>
Total Assets	<u>1,986,366</u>	<u>107,409</u>	<u>2,093,775</u>
Liabilities			
Current Liabilities			
Accrued interest payable	2,475	-	2,475
Current portion of noncurrent liabilities (Note F)	32,600	-	32,600
Total Current Liabilities	<u>35,075</u>	<u>-</u>	<u>35,075</u>
Noncurrent Liabilities (Notes A, F)			
Drain improvement note payable	60,800	-	60,800
General obligation bonds payable	315,000	-	315,000
Special assessment bonds payable	85,000	-	85,000
Total Noncurrent Liabilities	<u>460,800</u>	<u>-</u>	<u>460,800</u>
Total Liabilities	<u>495,875</u>	<u>-</u>	<u>495,875</u>
Net Assets			
Invested in capital assets, net of related debt	442,175	10,000	452,175
Restricted for:			
Debt service	114,354	-	114,354
Unrestricted	933,962	97,409	1,031,371
Total Net Assets	<u>\$ 1,490,491</u>	<u>\$ 107,409</u>	<u>\$ 1,597,900</u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Activities
For the year ended March 31, 2006

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Governmental Activities	Business-Type Activities	
Governmental activities:					
General government	\$ 151,551	\$ 4,324	\$ (147,227)	\$	\$ (147,227)
Public safety	142,540	22,897	(119,643)	-	(119,643)
Public works	406,432	-	(406,432)	-	(406,432)
Health and welfare	22,675	-	(22,675)	-	(22,675)
Other township	18,867	-	(18,867)	-	(18,867)
Interest on long-term debt	11,746	-	(11,746)	-	(11,746)
Total Governmental	\$ 753,811	\$ 27,221	(726,590)	-	(726,590)
Business-type activities:					
Sewer enterprise fund	\$ 58,900	\$ -	-	(58,900)	(58,900)
General revenues:					
Property taxes levied for:					
General operations			491,799	-	491,799
Fire			55,554	-	55,554
State revenue sharing			248,120	-	248,120
Interest earnings			29,958	1,349	31,307
Other			13,403	-	13,403
Total general revenues			838,834	1,349	840,183
Change in Net Assets			112,244	(57,551)	54,693
Net Assets - Beginning of Year			1,378,247	164,960	1,543,207
Net Assets - End of Year			\$ 1,490,491	\$ 107,409	\$1,597,900

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Balance Sheet
Governmental Funds
March 31, 2006

	General	Debt Service Special Assessment	Other Governmental	Total
Assets				
Cash equivalents, deposits and investments (Note B)	\$ 847,545	\$ 72,976	\$ 11,038	\$ 931,559
Receivables:				
Taxes (Note C)	36,176	-	-	36,176
Special assessments	-	43,853	-	43,853
Due from other funds (Note D)	534	-	-	534
Due from other governmental units	38,669	-	-	38,669
Total Assets	<u><u>\$ 922,924</u></u>	<u><u>\$ 116,829</u></u>	<u><u>\$ 11,038</u></u>	<u><u>\$ 1,050,791</u></u>
Liabilities and Fund Balances				
Liabilities				
Deferred revenue	-	\$ 43,853	-	\$ 43,853
Fund Balances				
Reserved for debt service	-	72,976	-	72,976
Unreserved:				
Undesignated, reported in:				
General fund	922,924	-	-	922,924
Permanent fund	-	-	11,038	11,038
Total Fund Balances	<u>922,924</u>	<u>72,976</u>	<u>11,038</u>	<u>1,006,938</u>
Total Liabilities and Fund Balances	<u><u>\$ 922,924</u></u>	<u><u>\$ 116,829</u></u>	<u><u>\$ 11,038</u></u>	<u><u>\$ 1,050,791</u></u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
March 31, 2006

Total governmental fund balances		\$ 1,006,938
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$1,120,700 and accumulated depreciation is \$185,125.	\$ 1,120,700 <u>(185,125)</u>	935,575
Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds: Special assessments receivable		43,853
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of: Drain note General obligation bonds Special assessment bonds	(68,400) (330,000) <u>(95,000)</u>	(493,400)
Accrued interest is not included as a liability in governmental funds		<u>(2,475)</u>
Total net assets - governmental activities		<u><u>\$ 1,490,491</u></u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended March 31, 2006

	General	Debt Service Special Assessment	Other Governmental	Total
Revenues				
Taxes	\$ 547,353	\$ -	\$ -	\$ 547,353
Licenses and permits	22,654	-	-	22,654
State sources	248,120	-	-	248,120
Charges for services	4,124	-	200	4,324
Fines and forfeitures	243	-	-	243
Interest and rentals	25,418	4,418	122	29,958
Other revenue	13,403	3,761	-	17,164
Total Revenues	861,315	8,179	322	869,816
Expenditures				
Current:				
General government	150,416	-	-	150,416
Public safety	139,364	-	-	139,364
Public works	391,198	-	-	391,198
Health and welfare	22,675	-	-	22,675
Recreational and cultural	11,164	-	-	11,164
Other township	18,867	-	-	18,867
Debt service:				
Principal repayment	-	10,000	15,000	25,000
Interest and fiscal charges	-	4,755	16,711	21,466
Total Expenditures	733,684	14,755	31,711	780,150
Excess (Deficiency) of Revenues Over Expenditures	127,631	(6,576)	(31,389)	89,666
Other Financing Sources (Uses)				
Transfers in	946	-	31,711	32,657
Transfers out	(31,711)	-	(946)	(32,657)
Total Other Financing Sources (Uses)	(30,765)	-	30,765	-
Net Change in Fund Balances	96,866	(6,576)	(624)	89,666
Fund Balances, April 1	826,058	79,552	11,662	917,272
Fund Balances, March 31	\$ 922,924	\$ 72,976	\$ 11,038	\$1,006,938

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended March 31, 2006

Net change in fund balances - total governmental funds \$ 89,666

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital outlays	\$ 11,164	
Depreciation expense	<u>(27,145)</u>	(15,981)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Special assessments	(3,761)
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Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:

Repayment of drain note	7,600	
Repayment of general obligation bonds	15,000	
Repayment of special assessment bonds	<u>10,000</u>	32,600

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid.

	<u>9,720</u>
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Total changes in net assets - governmental activities

	<u><u>\$ 112,244</u></u>
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See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2006

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 515,160	\$ 515,160	\$ 547,353	\$ 32,193
Licenses and permits	13,410	13,160	22,654	9,494
State sources	226,300	226,300	248,120	21,820
Charges for services	4,290	4,540	4,124	(416)
Fines and forfeitures	500	500	243	(257)
Interest and rentals	8,000	8,000	25,418	17,418
Other revenue	1,220	1,220	13,403	12,183
Total Revenues	768,880	768,880	861,315	92,435
Expenditures				
Current:				
General government:				
Township board	6,000	6,000	2,263	3,737
Supervisor	21,000	21,000	18,994	2,006
Elections	6,000	6,000	3,410	2,590
Assessor	17,000	17,000	16,815	185
Legal and audit	30,000	30,000	19,183	10,817
Clerk	22,000	22,000	21,078	922
Board of review	1,000	1,000	344	656
General administration	28,579	28,579	18,928	9,651
Treasurer	23,000	23,000	20,700	2,300
Buildings and grounds	20,000	20,000	21,280	(1,280)
Cemetery	8,000	8,000	7,421	579
Total general government	182,579	182,579	150,416	32,163
Public safety:				
Fire department	120,000	120,000	113,537	6,463
Inspections	20,000	20,000	19,420	580
Planning and zoning	10,000	10,000	6,407	3,593
Total public safety	150,000	150,000	139,364	10,636
Public works:				
Drains	15,000	15,000	15,449	(449)
Highways, streets and bridges	360,000	360,000	370,069	(10,069)
Street lighting	9,000	9,000	5,680	3,320
Total public works	384,000	384,000	391,198	(7,198)
Health and welfare:				
Agency on aging	-	-	22,675	(22,675)
Recreational and cultural:				
Park	5,001	5,001	11,164	(6,163)
Other township	20,000	20,000	18,867	1,133
Total Expenditures	741,580	741,580	733,684	7,896

(Continued)

WRIGHT TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2006

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Excess of Revenues Over Expenditures	<u>\$ 27,300</u>	<u>\$ 27,300</u>	<u>\$ 127,631</u>	<u>\$ 100,331</u>
Other Financing Sources (Uses)				
Transfers in	-	-	946	946
Transfers out	<u>(32,300)</u>	<u>(32,300)</u>	<u>(31,711)</u>	<u>589</u>
Total Other Financing Sources (Uses)	<u>(32,300)</u>	<u>(32,300)</u>	<u>(30,765)</u>	<u>1,535</u>
Net Change in Fund Balances	<u>(5,000)</u>	<u>(5,000)</u>	<u>96,866</u>	<u>101,866</u>
Fund Balances, April 1	<u>826,058</u>	<u>826,058</u>	<u>826,058</u>	<u>-</u>
Fund Balances, March 31	<u><u>\$ 821,058</u></u>	<u><u>\$ 821,058</u></u>	<u><u>\$ 922,924</u></u>	<u><u>\$ 101,866</u></u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Net Assets
Proprietary Fund
March 31, 2006

	Sewer Enterprise
Assets	
Current Assets	
Cash equivalents, deposits and investments (Note B)	\$ 97,409
Noncurrent Assets	
Capital assets (Note E)	10,000
Total Assets	<u>107,409</u>
Liabilities	<u>-</u>
Net Assets	
Invested in capital assets, net of related debt	10,000
Unrestricted	97,409
Total Net Assets	<u><u>\$ 107,409</u></u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Net Assets
Proprietary Fund
For the year ended March 31, 2006

	Sewer Enterprise
Operating Revenues	\$ -
Operating Expenses	<u>-</u>
Operating Loss	<u>-</u>
Nonoperating Revenues (Expenses)	
Interest earnings	1,349
Engineering fees	<u>(58,900)</u>
Net Nonoperating Revenues (Expenses)	<u>(57,551)</u>
Change in Net Assets	(57,551)
Net Assets, April 1	<u>164,960</u>
Net Assets, March 31	<u><u>\$ 107,409</u></u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Cash Flows
Proprietary Fund Type
For the year ended March 31, 2006

	<u>Sewer Enterprise</u>
Cash Flows From Operating Activities	\$ -
Cash Flows From Capital and Related Financing Activities	
Engineering fees	(58,900)
Repayment of General Fund loan	<u>(10,000)</u>
Net Cash Flows Used For Capital and Related Financing Activities	<u>(68,900)</u>
Cash Flows From Investing Activities	
Interest received	<u>1,349</u>
Net Decrease In Cash and Cash Equivalents	(67,551)
Cash and Cash Equivalents, beginning of year	<u>164,960</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 97,409</u></u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Fiduciary Funds
Statement of Fiduciary Net Assets
March 31, 2006

	Agency Funds
	<hr/>
Assets	
Cash equivalents, deposits and investments (Note B)	<u><u>\$ 25,478</u></u>
Liabilities	
Due to other funds (Note D)	\$ 534
Due to other governmental units	237
Escrow/customer deposits	<u>24,707</u>
Total Liabilities	<u><u>\$ 25,478</u></u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2006

Note A – Summary of Significant Accounting Policies

Wright Township was organized as a general law township under applicable laws of the State of Michigan and is governed by a Board of Trustees which consists of a Supervisor, Clerk, Treasurer and two Trustees, each of whom is elected for a four year term of office. The Township provides, or contributes to the providing of, the following services to its residents as provided by statute: public safety (police, fire and inspections), highways and streets, parks and recreation, cultural, public improvements, planning and zoning, general administrative, sewer disposal and other services.

The financial statements of Wright Township (the “Township”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to Townships. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Township’s accounting policies are described below.

1. The Reporting Entity

The accompanying financial statements present the Township of Wright. The Township has no component units, i.e., entities for which the Township is considered to be financially accountable.

2. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the Township as a whole. The reported information includes all of the nonfiduciary activities of the Township. The Township does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the Township. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The Township’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, state revenue sharing, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

Fund Financial Statements – The fund financial statements provide information about the Township’s funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2006

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

The *2003 Special Assessment Debt Service Fund* accounts for special assessments levied to pay back the bonds of the Township.

The Township reports the following enterprise fund:

The *Sewer Enterprise Fund* accounts for the operation of the Township's sanitary sewer system.

Additionally, the Township reports the following funds:

The *2003 General Obligation Debt Service Fund* accounts for amounts used to pay back the bonds of the Township.

The *Cemetery Trust Permanent Fund* accounts for fees collected to be used for cemetery improvements.

The *Trust Account Agency Fund* accounts for the collection of bonds and deposits and the payment to the governmental units or other persons entitled to receive these funds.

The *Tax Account Agency Fund* accounts for the collection of current and delinquent property taxes and the payment to the governmental units or other persons entitled to receive these funds.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the government-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2006

collected within 60 days after the end of the current fiscal period. Taxes, intergovernmental revenues and interest associated with current period are all considered to susceptible to accrual and have been recognized as revenues of the current fiscal period.

Expenditures are recorded when the liability is incurred, as under accrual accounting, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt and claims and judgments are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted as they are needed.

4. Budgets and Budgetary Accounting

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General Fund is subject to legal budgetary accounting controls and are budgeted annually. The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The budgets are generated with input from the Supervisor, Clerk, Treasurer and the Township Trustees.
- The completed budgets are then presented to Township electors at a public budget hearing in March, at which time taxpayer comments and recommendations are heard. These operating budgets include proposed expenditures and the means of financing them for the General Fund.
- Prior to April 1, the budgets are legally enacted on a departmental (activity) basis through passage of an appropriations resolution.
- The budget may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at fiscal year-end.
- The original General Fund budget was amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act). The budget to actual revenues and expenditures in the financial statements represent the final budget as amended by the Township.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level for each individual fund.

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2006

5. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

6. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, and sewer system, are reported in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$2,500 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, sewer system, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15-30 years
Buildings and improvements	25-40 years

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2006

10. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as transfers in or out. Transfers between governmental funds are eliminated in the Statement of Activities. Transfers in the fund financial statements are reported as other financing sources/uses.

11. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school Township in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a Township in Michigan.

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2006

Balances at March 31, 2006 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Cash equivalents, deposits and investments per the Statement of Net Assets:	
Primary government	\$ 1,028,968
Cash equivalents, deposits and investments of Fiduciary Funds:	
Primary government:	
Agency	<u>25,478</u>
	<u>\$ 1,054,446</u>

Cash Equivalents and Deposits

Cash equivalents consist of bank public funds checking, savings and liquid asset accounts. Deposits consist of certificates of deposit.

Depositories actively used by the Township Treasurer during the year are detailed as follows:

1. Comerica Bank
2. Huntington National Bank
3. Fifth Third Bank
4. Mercantile Bank

March 31, 2006 balances are detailed as follows:

	<u>Primary Government</u>
Cash equivalents	\$ 923,883
Deposits	<u>130,563</u>
	<u>\$ 1,054,446</u>

Custodial credit risk

Custodial credit risk is the risk that in the event of bank failure, the Township's deposits may not be returned to the Township. Protection of Township cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the Township's cash equivalents and deposits was \$1,054,446 and the bank balance was \$1,071,289. Of the bank balance \$330,563 was covered by federal depository insurance and \$740,726 was uninsured and uncollateralized.

Investments

The Township held no securities defined as investments under GASB Statement No. 40 during, or at the year ended, March 31, 2006.

Custodial Credit Risk and Interest Rate Risk

It is the policy of Wright Township to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to state and local statutes governing the investment of public funds.

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2006

The Township's investment policy states that investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of discretion to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Funds of Wright Township will be invested in accordance with state and local statutes, and in accordance with the following objectives in order of priority:

Safety: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Diversification: The investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity: The investment portfolio will remain sufficiently liquid to meet all operating requirements which might be reasonably anticipated.

Return on Investments: The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and cash flow characteristics of the portfolio.

Safekeeping and Custody: All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by Wright Township shall be conducted on a cash basis (delivery-versus-payment (DVP) basis). Securities will be held by a third party custodian designated by the Township Treasurer and evidenced by safekeeping receipts and determined by the Treasurer.

Prudence: Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Foreign Currency Risk

The Township is not authorized to invest in investments which have this type of risk.

Note C – General Property Taxes

Property taxes for the Township and Ottawa County become due and payable on December 1 of each year. Property taxes for school districts become due and payable on July 1 and December 1, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Township property tax revenues are recognized in the General Fund in the fiscal year levied, to the extent they are measurable and available. The 2005 property tax roll, levied December 1, 2005, represents revenue for the fiscal year ended March 31, 2006.

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2006

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Ottawa County, Grand Rapids Community College, Ottawa and Kent Intermediate School Districts, Northeast Ottawa Library District, Coopersville Public Schools, Kenowa Hills Public Schools and Sparta Area Schools. Collection and remittance of taxes are accounted for in the Tax Account Agency Fund.

The Township is permitted to levy up to 1.1 mills of general property taxes on the assessed valuation in the Township. Due to the effect of the Headlee Amendment, the actual tax levy was reduced to 1.0059 mills for 2005 general operations. The Township also levied 0.5956 mills for fire department operations, 3.6338 mills for road maintenance and .2481 mills for the Aging Council.

The tax collection record of Township taxes for the past four years is shown in the following summary:

	2005	2004	2003	2002
Township taxes levied	\$ 501,447	\$ 459,970	\$ 444,336	\$ 431,146
Taxes collected:				
Current to March 1	465,499	426,593	417,731	399,986
Total to March 31, 2006	465,499	459,970	444,336	431,146
Percentages of collections:				
Current to March 1	92.83%	92.74%	94.01%	92.77%
Total to March 31, 2006	92.83%	100.00%	100.00%	100.00%

Taxable property in the Township is assessed initially by the assessing official of the Township. These valuations are then equalized by the County and finally by the State of Michigan. Michigan statutes provide that all ad valorem taxes be levied upon Taxable Valuation. In accordance with Act 409, Public Acts of 1965 and Article IX, Section 3 of the Michigan Constitution, State Equalized Valuation represents 50% of true cash value. The valuations of taxable property in the Township for 2005 are compared with prior years in the following summary:

Year	Real	Personal	Total
2005	\$ 84,640,829	\$ 6,813,991	\$ 91,454,820
2004	80,817,565	6,315,903	87,133,468
2003	77,590,933	6,238,500	83,829,433
2002	74,212,748	6,295,843	80,508,591
2001	71,140,250	5,615,780	76,756,030
2000	66,355,353	5,790,031	72,145,384
1999	62,994,989	5,226,823	68,221,812
1998	60,808,463	5,044,500	65,852,963
1997	57,907,084	4,934,180	62,841,264

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2006

Note D – Interfund Receivables/Payables and Transfers

Amounts due from/to other funds representing interfund receivable and payable balances at March 31, 2006 are detailed as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Trust Account Agency Fund	\$ 534	\$ —
Trust Account Agency Fund:		
General Fund	—	534
	<u>\$ 534</u>	<u>\$ 534</u>

The \$ 534 due from the Trust Account Agency Fund to the General Fund represents cumulative interest earnings not transferred at March 31, 2006.

Transfers between funds during the year ended March 31, 2006, for debt service and cemetery care, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Debt Service Funds:		
2003 General Obligation Fund	\$ —	\$ 31,711
Permanent Fund:		
Cemetery Perpetual Care Fund	946	—
Debt Service Funds		
2003 General Obligation Fund:		
General Fund	31,711	—
Permanent Fund		
Cemetery Perpetual Care Fund:		
General Fund	—	946
	<u>\$ 32,657</u>	<u>\$ 32,657</u>

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2006

Note E – General Fixed Assets

Capital asset activity for the year ended March 31, 2006 was as follows:

	<u>Balances</u> <u>April 1, 2005</u>	<u>Additions</u>	<u>Sales/ Retirements</u>	<u>Balances</u> <u>March 31, 2006</u>
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 7,275	\$ —	\$ —	\$ 7,275
Capital assets being depreciated:				
Land improvements	915,361	11,164	—	926,525
Buildings and improvements	186,900	—	—	186,900
Totals at historical cost	<u>1,109,536</u>	<u>\$ 11,164</u>	<u>\$ —</u>	<u>1,120,700</u>
Less accumulated depreciation for:				
Land improvements	46,918	\$ 22,884	\$ —	69,802
Buildings and improvements	111,062	4,261	—	115,323
Total accumulated depreciation	<u>157,980</u>	<u>\$ 27,145</u>	<u>\$ —</u>	<u>185,125</u>
Net Capital Assets – Governmental Activities	<u>\$ 951,556</u>			<u>\$ 935,575</u>

Depreciation expense was charged to Township activities as follows:

General government	\$ 1,135
Public safety	3,176
Public works	<u>22,834</u>
	<u>\$ 27,145</u>

	<u>Balances</u> <u>April 1, 2005</u>	<u>Additions</u>	<u>Sales/ Retirements</u>	<u>Balances</u> <u>March 31, 2006</u>
Business Activities				
Capital assets not depreciated:				
Land	<u>\$ 10,000</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,000</u>

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2006

Note F – Long-Term Debt

Amounts available and to be provided for long-term debt at March 31, 2006 are summarized as follows:

	Bond Issues	Drain Improvement Note	Total
Amounts Available For Retirement Of General Long-Term Debt			
Debt Service Funds	\$ 72,976	\$ —	\$ 72,976
Amounts To Be Provided For Retirement Of General Long-Term Debt			
General Fund	—	68,400	68,400
Debt Service Funds	352,024	—	352,024
Total Amounts Available and To Be Provided	\$ 425,000	\$ 68,400	\$ 493,400

Changes in long-term debt for the year ended March 31, 2006 are summarized as follows:

	Debt Outstanding April 1, 2005	Debt Added	Debt Retired	Debt Outstanding March 31, 2006
Bond Issues				
General obligation: May 1, 2002	\$ 345,000	\$ —	\$ 15,000	\$ 330,000
Special assessment: May 1, 2002	105,000	—	10,000	95,000
Drain Improvement Note September 1, 2004	76,000	—	7,600	68,400
Total Long-Term Debt	\$ 526,000	\$ —	\$ 32,600	\$ 493,400

Long-term bonds and notes at March 31, 2006 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$380M 2002 Limited Tax Bonds:				
Annual maturities of \$10M to \$15M	Oct. 1, 2021	4.15 – 5.25	\$ 330,000	\$ 15,000
Special Assessment Bonds				
\$130M 2002 Sewer Improvement :				
Annual maturities of \$10M to \$15M	Oct. 1, 2016	4.15 – 5.10	95,000	10,000
Drain Improvement Note				
\$76M 2004 Dayton Drain:				
Annual maturities of \$7.6M	Nov. 1, 2014	4.57	68,400	7,600
Total			\$ 493,400	\$ 32,600

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2006

The Special Assessment Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded through special assessments levied against properties deemed to benefit from these public improvements. The Drain Improvement Notes will be repaid by the General Fund.

Year Ended March 31	Principal	Interest	Total
2007	\$ 32,600	\$ 23,305	\$ 55,905
2008	32,600	21,921	54,521
2009	32,600	20,542	53,142
2010	32,600	19,131	51,731
2011	32,600	17,691	50,291
2012	37,600	16,097	53,697
2013	37,600	14,350	51,950
2014	37,600	12,560	50,160
2015	32,600	10,860	43,460
2016	25,000	9,256	34,256
2017	30,000	7,860	37,860
2018	25,000	6,452	31,452
2019	25,000	5,158	30,158
2020	25,000	3,851	28,851
2021	30,000	2,399	32,399
2022	25,000	802	25,802
	<u>\$ 493,400</u>	<u>\$ 192,235</u>	<u>\$ 685,635</u>

Note G – Commitments and Contingencies

Wright Township (the Township) and the City of Grand Rapids (the City) have executed a Water and Sanitary Sewer Service Agreement whereby the Township will decommission its system (lagoon closure) and will connect to the City's sanitary sewer system. Part of this agreement provides that the City will make available up to \$450,000 in loans to the Township to help finance the lagoon closure, which loans will be repaid by user fees assessed on future users of the system. The Township shall develop a Lagoon Closure Plan (the Plan) and submit the Plan to the Department of Environmental Quality (the DEQ) for approval. The Plan shall, at a minimum, include a closure schedule, a characterization of wastewater and residuals in the system, and an identification of appropriate disposal methods for the residuals. The Plan shall also identify how the discharge piping will be permanently sealed/plugged, and how the wastewater transfer and discharge structures will be demolished. Following lagoon closure, the Township shall pay to the State of Michigan an additional sum to be determined. The additional sum to be paid shall be the balance of \$300,000 after the expenses of lagoon closure have been paid. The additional sum shall be at least \$10,000, but shall be no more than \$50,000. Upon receipt of the additional sum, DEQ's claim for stipulated penalties pursuant to the Administrative Consent Order shall be satisfied. It is expected that it will be less than one year before lagoon closure is completed, and the additional sum is paid.

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

WRIGHT TOWNSHIP
General Fund
Comparative Balance Sheet
March 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash equivalents, deposits and investments	\$ 847,545	\$ 801,456
Receivables:		
Taxes	36,176	31,810
Accounts	-	7
Due from other funds	534	10,065
Due from other governmental units	<u>38,669</u>	<u>36,598</u>
Total Assets	<u><u>\$ 922,924</u></u>	<u><u>\$ 879,936</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 1,904
Due to other funds	<u>-</u>	<u>51,974</u>
Total Liabilities	<u>-</u>	<u>53,878</u>
Fund Balances		
Unreserved:		
Undesignated	<u>922,924</u>	<u>826,058</u>
Total Liabilities and Fund Balances	<u><u>\$ 922,924</u></u>	<u><u>\$ 879,936</u></u>

WRIGHT TOWNSHIP
General Fund
Comparative Schedule of Revenues
For the years ended March 31, 2006 and 2005

	2006	2005
Taxes:		
Current property taxes	\$ 91,962	\$ 83,716
Fire protection taxes	55,554	52,593
Road millage	338,987	326,582
Aging Council millage	22,675	-
Delinquent property taxes	5,250	4,945
Industrial facilities taxes	1,869	2,108
Trailer fees	126	131
Penalties and interest on taxes	1,025	1,162
Property tax administration fees	29,905	26,616
	<u>547,353</u>	<u>497,853</u>
Licenses and permits:		
Cable television fees	-	266
Liquor license fees	200	-
Building, mechanical and electrical permits	19,420	19,945
Site plan reviews	90	725
Soil erosion fees	1,000	1,000
Land division applications	720	450
Dog licenses	74	-
Special use permits	1,150	-
	<u>22,654</u>	<u>22,386</u>
State sources:		
Sales taxes	243,327	247,813
Other State shared revenue	4,793	4,287
	<u>248,120</u>	<u>252,100</u>
Charges for services:		
Planning commission fees	500	1,000
Board of appeals fees	800	600
Summer tax collection fees	1,867	5,009
Property tax abatement fees	500	-
Franchise fees	266	-
Sale of cemetery lots	150	600
Sale of printed materials	41	85
	<u>4,124</u>	<u>7,294</u>
Fines and forfeitures:		
Ordinance fines	243	2,452
Interest and rentals:		
Interest on deposits and investments	25,418	16,180
Other revenue:		
Grant revenue	6,000	5,000
Refunds of expenditures	7,055	339
Miscellaneous	348	-
	<u>13,403</u>	<u>5,339</u>
Total Revenues	<u><u>\$ 861,315</u></u>	<u><u>\$ 803,604</u></u>

WRIGHT TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Current:		
General government:		
Township board:		
Salaries	\$ 1,865	\$ 2,055
Mileage	53	41
Education and training	328	100
Miscellaneous	17	-
	<u>2,263</u>	<u>2,196</u>
Supervisor:		
Salary	17,875	16,500
Supplies	67	64
Mileage	577	377
Education and training	375	275
Dues and memberships	100	-
Miscellaneous	-	302
	<u>18,994</u>	<u>17,518</u>
Elections:		
Salaries	1,559	2,908
Office supplies	804	86
Contracted services	480	876
Mileage	164	379
Education and training	-	230
Printing and publishing	393	-
Miscellaneous	10	462
	<u>3,410</u>	<u>4,941</u>
Assessor:		
Salary	15,209	14,378
Office supplies	30	30
Contracted services	1,556	4,631
Dues and memberships	20	20
	<u>16,815</u>	<u>19,059</u>
Legal and audit:		
Legal fees	5,845	15,565
Audit fees	10,250	8,800
Engineering fees	2,038	-
O.C.E.D. fees	1,050	-
	<u>19,183</u>	<u>24,365</u>
Clerk:		
Salaries:		
Clerk	17,292	15,000
Deputy	1,315	1,508
Office supplies	-	592
Contracted services	1,500	-
Mileage	440	293
Education and training	437	326
Dues and memberships	70	80
Miscellaneous	24	262
	<u>21,078</u>	<u>18,061</u>

(Continued)

WRIGHT TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2006 and 2005

	2006	2005
Board of review:		
Salaries	\$ 315	\$ 610
Printing and publishing	29	-
	<u>344</u>	<u>610</u>
General administration:		
Clerical salary	7,089	4,278
Office supplies	2,942	4,262
Equipment repair and maintenance	3,628	4,342
Office cleaning	1,400	1,234
Mileage	303	219
Printing and publishing	1,252	821
Dues and memberships	1,887	1,789
Other	427	585
	<u>18,928</u>	<u>17,530</u>
Treasurer:		
Salaries:		
Treasurer	17,247	15,000
Deputy	737	806
Office supplies	30	1,097
Contracted services	1,977	-
Property tax administration system	-	1,757
Mileage	209	364
Education and training	264	65
Dues and memberships	55	165
Miscellaneous	181	467
	<u>20,700</u>	<u>19,721</u>
Buildings and grounds:		
Maintenance supplies	1,195	309
Contracted services	5,596	2,628
Telephone	2,010	1,259
Utilities	7,784	6,495
Building maintenance	4,695	6,429
	<u>21,280</u>	<u>17,120</u>
Cemetery:		
Grounds maintenance	7,421	4,975
	<u>7,421</u>	<u>4,975</u>
Total general government	<u>150,416</u>	<u>146,096</u>
Public safety:		
Fire protection:		
Fire board salaries	315	280
Contributions to Tallmadge Township	58,000	65,000
Fire millage payment to Tallmadge Township	55,117	51,411
Telephone	-	408
Miscellaneous	105	-
	<u>113,537</u>	<u>117,099</u>
Inspections:		
Contracted inspection services	19,420	19,945

(Continued)

WRIGHT TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2006 and 2005

	2006	2005
Planning and zoning:		
Planning commission fees	\$ 2,825	\$ 2,610
Zoning board of appeals	550	560
Contracted services	2,945	4,101
Printing and publishing	87	-
	<u>6,407</u>	<u>7,271</u>
Total public safety	<u>139,364</u>	<u>144,315</u>
Public works:		
Drains:		
Drain maintenance	15,449	181,409
Highways, streets and bridges:		
Road improvements	335,314	358,116
Dust layer	34,755	33,400
	<u>370,069</u>	<u>391,516</u>
Street lighting:		
Utilities	5,680	5,434
Sewer:		
Salaries	-	350
Engineering fees	-	819
Urban cooperation board	-	1,232
	<u>-</u>	<u>2,401</u>
Total public works	<u>391,198</u>	<u>580,760</u>
Health and welfare:		
Agency on aging:		
Aging Council millage	22,675	-
Recreation and cultural:		
Parks and recreation:		
Cole Park improvements	11,164	3,165
Other township:		
Social Security taxes	6,399	5,835
Contracted services	831	3,896
Community service contribution	217	434
Insurance and bonds	10,207	11,281
Workers' compensation insurance	1,213	-
Total other township	<u>18,867</u>	<u>21,446</u>
Total Expenditures	<u><u>\$ 733,684</u></u>	<u><u>\$ 895,782</u></u>

NONMAJOR GOVERNMENTAL FUNDS

WRIGHT TOWNSHIP
Combining Balance Sheet - Nonmajor Governmental Funds
March 31, 2006

	Debt Service General Obligation	Permanent Cemetery Perpetual Care	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash equivalents, deposits and investments	\$ -	\$ 11,038	\$ 11,038
	<u> </u>	<u> </u>	<u> </u>
Liabilities and Fund Balances			
Liabilities	\$ -	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>
Fund Balances			
Unreserved:			
Undesignated, reported in:			
Permanent fund	-	11,038	11,038
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	\$ -	\$ 11,038	\$ 11,038
	<u> </u>	<u> </u>	<u> </u>

WRIGHT TOWNSHIP
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended March 31, 2006

	Debt Service General Obligation	Permanent Cemetery Perpetual Care	Total
Revenues			
Charges for services	\$ -	\$ 200	\$ 200
Interest and rentals	-	122	122
Total Revenues	-	322	322
Expenditures			
Debt service:			
Principal repayment	15,000	-	15,000
Interest and fiscal charges	16,711	-	16,711
Total Expenditures	31,711	-	31,711
Excess (Deficiency) of Revenues Over Expenditures	(31,711)	322	(31,389)
Other Financing Sources (Uses)			
Transfers in	31,711	-	31,711
Transfers out	-	(946)	(946)
Total Other Financing Sources (Uses)	31,711	(946)	30,765
Net Change In Fund Balances	-	(624)	(624)
Fund Balances, Beginning of Year	-	11,662	11,662
Fund Balances, End of Year	\$ -	\$ 11,038	\$ 11,038

DEBT SERVICE FUNDS

To account for the payment of bonds sold to finance street and sewer construction projects. Financing is provided by General Fund contributions, special assessments, interest on special assessments, and interest earnings.

WRIGHT TOWNSHIP
Debt Service Funds
Combining Balance Sheet
March 31, 2006
With comparative totals for March 31, 2005

			<u>Totals</u>	
	<u>General Obligation</u>	<u>Special Assessment</u>	<u>2006</u>	<u>2005</u>
Assets				
Cash equivalents, deposits and investments	\$ -	\$ 72,976	\$ 72,976	\$ 27,578
Special assessments receivable	-	43,853	43,853	47,614
Due from other funds	-	-	-	51,974
Total Assets	<u>\$ -</u>	<u>\$ 116,829</u>	<u>\$ 116,829</u>	<u>\$ 127,166</u>
Liabilities and Fund Balances				
Liabilities				
Deferred revenue	<u>\$ -</u>	<u>\$ 43,853</u>	<u>\$ 43,853</u>	<u>\$ 47,614</u>
Fund Balances				
Reserved for debt service	<u>-</u>	<u>72,976</u>	<u>72,976</u>	<u>79,552</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 116,829</u>	<u>\$ 116,829</u>	<u>\$ 127,166</u>

WRIGHT TOWNSHIP
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended March 31, 2006
With comparative totals for the year ended March 31, 2005

	General Obligation	Special Assessment	Totals	
			2006	2005
Revenues				
Interest and rentals:				
Interest on deposits	\$ -	\$ 1,749	\$ 1,749	\$ 163
Interest on special assessments	-	2,669	2,669	4,509
	-	4,418	4,418	4,672
Other revenue:				
Special assessments	-	3,761	3,761	37,369
Total Revenues	-	8,179	8,179	42,041
Expenditures				
Debt service:				
Principal repayment	15,000	10,000	25,000	25,000
Interest and fiscal charges	16,711	4,755	21,466	17,650
Total Expenditures	31,711	14,755	46,466	42,650
Excess (Deficiency) of Revenues Over Expenditures	(31,711)	(6,576)	(38,287)	(609)
Other Financing Sources				
Transfers in	31,711	-	31,711	27,480
Net Change In Fund Balances		(6,576)	(6,576)	26,871
Fund Balances, April 1	-	79,552	79,552	52,681
Fund Balances, March 31	\$ -	\$ 72,976	\$ 72,976	\$ 79,552

ENTERPRISE FUND

Sewer Enterprise - to account for the provision of sewer services to the residents of the Township. Activities necessary to provide such services are accounted for in this fund, including, but not limited to, operations, maintenance, administration and billing and collection.

**WRIGHT TOWNSHIP
Sewer Enterprise Fund
Comparative Balance Sheet
March 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Assets		
Current Assets		
Cash equivalents, deposits and investments	\$ 97,409	\$ 164,960
Capital Assets		
Land	<u>10,000</u>	<u>10,000</u>
Total Assets	<u><u>\$ 107,409</u></u>	<u><u>\$ 174,960</u></u>
 Liabilities and Fund Equity		
Liabilities		
Current liabilities (payable from current assets):		
Due to other funds	<u>\$ -</u>	<u>\$ 10,000</u>
Fund Equity		
Retained earnings:		
Unreserved	<u>107,409</u>	<u>164,960</u>
Total Liabilities and Fund Equity	<u><u>\$ 107,409</u></u>	<u><u>\$ 174,960</u></u>

WRIGHT TOWNSHIP
Sewer Enterprise Fund
Comparative Schedule of Revenues, Expenses and Changes in Retained Earnings
For the years ended March 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating Revenues	<u>\$ -</u>	<u>\$ -</u>
Operating Expenses		
Office supplies	-	46
Utilities	<u>-</u>	<u>70</u>
Total Operating Expenses	<u>-</u>	<u>116</u>
Operating Loss	<u>-</u>	<u>(116)</u>
Nonoperating Revenues (Expenses)		
Interest earnings	1,349	1,542
Reimbursement of expenses	-	217,958
Engineering fees	(58,900)	(41,456)
System repair and maintenance	-	(183,835)
Loss on disposal of capital assets	<u>-</u>	<u>(15,502)</u>
Total Nonoperating Revenues (Expenses)	<u>(57,551)</u>	<u>(21,293)</u>
Net Loss	<u>(57,551)</u>	<u>(21,409)</u>
Retained Earnings, April 1	<u>164,960</u>	<u>186,369</u>
Retained Earnings, March 31	<u><u>\$ 107,409</u></u>	<u><u>\$ 164,960</u></u>

WRIGHT TOWNSHIP
Sewer Enterprise Fund
Comparative Schedule of Cash Flows
For the years ended March 31, 2006 and 2005

	2006	2005
Cash Flows From Operating Activities		
Receipts from customers	\$ -	\$ 7,636
Payments to suppliers	-	(116)
Net Cash Provided By Operating Activities	-	7,520
Cash Flows From Capital and Related Financing Activities		
Reimbursement of expenses	-	230,842
Engineering fees	(58,900)	(53,707)
System repair and maintenance	-	(183,835)
Repayment of General Fund loan	(10,000)	-
Net Cash Used For Capital and Related Financing Activities	(68,900)	(6,700)
Cash Flows From Investing Activities		
Interest received	1,349	1,542
Net Increase (Decrease) In Cash and Cash Equivalents	(67,551)	2,362
Cash and Cash Equivalents, beginning of year	164,960	162,598
Cash and Cash Equivalents, end of year	<u>\$ 97,409</u>	<u>\$ 164,960</u>
Reconciliation of Operating Income (Loss) To Net Cash Provided By Operating Activities		
Operating loss	\$ -	\$ (116)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	-	63,142
(Increase) decrease in due from property tax roll	-	2,689
Increase (decrease) in accounts payable	-	(12,251)
Increase (decrease) in due to other governmental units	-	(45,944)
Total adjustments	-	7,636
Net Cash Provided By Operating Activities	<u>\$ -</u>	<u>\$ 7,520</u>

PERMANENT FUND

Cemetery Perpetual Care—to accumulate cemetery revenues and interest earnings to be used for cemetery improvements.

WRIGHT TOWNSHIP
Cemetery Perpetual Care Fund
Comparative Balance Sheet
March 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash equivalents, deposits and investments	<u>\$ 11,038</u>	<u>\$ 11,662</u>
Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund balances		
Unreserved:		
Undesignated	<u>11,038</u>	<u>11,662</u>
Total Liabilities and Fund Balances	<u>\$ 11,038</u>	<u>\$ 11,662</u>

WRIGHT TOWNSHIP
Cemetery Perpetual Care Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended March 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues		
Charges for services:		
Sale of cemetery lots	\$ 200	\$ 600
Interest and rentals:		
Interest on investments	<u>122</u>	<u>141</u>
Total Revenues	<u>322</u>	<u>741</u>
Expenditures	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>322</u>	<u>741</u>
Other Financing Sources (Uses)		
Transfers out	<u>(946)</u>	<u>(127)</u>
Net Change in Fund Balances	(624)	614
Fund Balances, April 1	<u>11,662</u>	<u>11,048</u>
Fund Balances, March 31	<u><u>\$ 11,038</u></u>	<u><u>\$ 11,662</u></u>

AGENCY FUNDS

Trust Account Agency — to account for the collection of bonds and deposits and payment to the governmental units or other persons entitled to receive these funds.

Tax Account Agency — to account for the collection of current and delinquent property taxes and payment to the governmental units or other persons entitled to receive these funds.

WRIGHT TOWNSHIP
All Agency Funds
Combining Schedule of Changes in Assets and Liabilities - All Agency Funds
For the year ended March 31, 2006

	Balances April 1, 2005	Additions	Deductions	Balances March 31, 2006
Trust Account Fund				
Assets				
Cash equivalents, deposits and investments	\$ 5,717	\$ 67,593	\$ 48,069	\$ 25,241
Liabilities				
Escrow deposits	\$ 5,652	\$ 28,446	\$ 9,391	\$ 24,707
Due to other funds	65	5,105	4,636	534
Due to other governmental units	-	34,042	34,042	-
Total Liabilities	\$ 5,717	\$ 67,593	\$ 48,069	\$ 25,241
Tax Account Fund				
Assets				
Cash equivalents, deposits and investments	\$ 102	\$ 2,838,522	\$ 2,838,387	\$ 237
Liabilities				
Accounts payable	\$ -	\$ 9,793	\$ 9,793	\$ -
Due to other funds	-	491,488	491,488	-
Due to other governmental units	102	2,337,241	2,337,106	237
Total Liabilities	\$ 102	\$ 2,838,522	\$ 2,838,387	\$ 237
Totals - All Agency Funds				
Assets				
Cash equivalents, deposits and investments	\$ 5,819	\$ 2,906,115	\$ 2,886,456	\$ 25,478
Liabilities				
Accounts payable	\$ -	\$ 9,793	\$ 9,793	\$ -
Escrow deposits	5,652	28,446	9,391	24,707
Due to other funds	65	496,593	496,124	534
Due to other governmental units	102	2,371,283	2,371,148	237
Total Liabilities	\$ 5,819	\$ 2,906,115	\$ 2,886,456	\$ 25,478

OTHER INFORMATION

WRIGHT TOWNSHIP
Summary of 2005 Taxes Levied and Collected
For the year ended March 31, 2006

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
<u>Ad Valorem Taxes</u>					
Ottawa County					
Operating	\$91,454,820	4.2579	\$ 389,368	\$ 25,728	\$ 363,640
Northeast Ottawa Library District	91,454,820	0.5881	53,775	3,855	49,920
State Education Tax		6.0000			
Coopersville Public Schools	61,705,765		370,230	16,359	353,871
Kenowa Hills Public Schools	27,945,199		167,670	10,990	156,680
Sparta Area Schools	1,803,856		10,823	745	10,078
Total State Education Tax			548,723	28,094	520,629
School Districts					
Kent Intermediate School District	29,749,055	4.6453	138,190	9,086	129,104
Ottawa Intermediate School District	61,705,765	4.2109	259,831	15,435	244,396
Grand Rapids Community College	29,749,055	1.7865	53,144	3,494	49,650
Coopersville Public Schools:					
Other	61,705,765	8.1500	502,896	29,874	473,022
Operating	6,656,516	18.0000	119,817	9,572	110,245
Kenowa Hills Public Schools:					
Other	27,945,199	3.3600	93,893	6,154	87,739
Operating	12,030,798	18.0000	216,554	26,509	190,045
Sparta Area Schools:					
Other	1,803,856	3.5676	12,870	1,374	11,496
Operating	356,719	18.0000	6,421	3,101	3,320
Total School Districts			1,403,616	104,599	1,299,017
Wright Township	91,454,820				
Operating		1.0059	91,985	6,594	85,391
Fire protection		0.5956	54,461	3,904	50,557
Roads		3.6338	332,320	23,824	308,496
Aging Council		0.2481	22,681	1,626	21,055
Delinquent sewer usage			7,890	2,324	5,566
Administration fees			28,970	1,982	26,988
Total Township			538,307	40,254	498,053
Total Ad Valorem Taxes			<u>\$ 2,933,789</u>	<u>\$ 202,530</u>	<u>\$ 2,731,259</u>

(Continued)

WRIGHT TOWNSHIP
Summary of 2005 Taxes Levied and Collected
For the year ended March 31, 2006

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
<u>Tax Abatements</u>					
Industrial Facilities (P.A. 198) New					
Ottawa County	\$ 3,715,742	2.12895	\$ 7,910	\$ -	\$ 7,910
Ottawa District Library	3,715,742	0.29405	1,093	-	1,093
State Education Tax		6.0000			
Coopersville Public Schools	1,000,795		6,005	-	6,005
Kenowa Hills Public Schools	2,714,947		16,290	-	16,290
Kent Intermediate School District	2,714,947	2.32265	6,306	-	6,306
Ottawa Intermediate School District	1,000,795	2.10545	2,107	-	2,107
Grand Rapids Community College	2,714,947	0.89325	2,425	-	2,425
Coopersville Public Schools					
Operating	1,000,795	4.07500	4,078	-	4,078
Other	1,000,795	9.00000	9,007	-	9,007
Kenowa Hills Public Schools					
Operating	2,714,947	1.68000	4,561	-	4,561
Other	2,714,947	9.00000	24,435	-	24,435
Wright Township	3,715,742				
Operating		0.50295	1,869	-	1,869
Fire protection		0.29780	1,106	-	1,106
Roads		1.81690	6,751	-	6,751
Aging Council		0.12405	461	-	461
Administration fees			944	-	944
Total Industrial Facilities (P.A. 198) NEW			<u>\$ 95,348</u>	<u>\$ -</u>	<u>\$ 95,348</u>

Hungerford, Aldrin,
Nichols & Carter, P.C.

CPAs AND CONSULTANTS

July 11, 2006

The Township Board
Wright Township
Kent County, Michigan

The following comments pertain to our audit of the financial records of Wright Township as of and for the year ended March 31, 2006. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this Statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the Township's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Wright Township.

Auditors Responsibility Under Generally Accepted Auditing Standards

We conducted our audit in accordance with Generally Accepted Auditing Standards (GAAS). Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. We are required by GAAS to obtain a sufficient understanding of the internal control structure to plan the audit and to determine the nature, timing and extent of tests to be performed. The purpose of the audit was to report on the financial statements and not to provide assurance on the internal control structure. Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected.

Significant Accounting Policies

The elected officials and management of Wright Township have the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter will advise the Township elected officials and management about the appropriateness of accounting policies and their application. The significant accounting policies used by Wright Township are described in Note A of the Notes to Basic Financial Statements in the Comprehensive Annual Financial Report.

Difficulties Encountered In Performing The Audit

We encountered no significant difficulties in performing our audit of the financial records of Wright Township. We found that the internal control structure and accounting system was adequate and operating in the manner intended. We were required, however, to review the General Fund computer trial balance and make several reclassifying journal entries to adjust the various bank accounts to the amounts actually on deposit in each account at March 31, 2006.

Significant Audit Adjustments

During the course of our audit the following adjustments of a significant nature were made to the accounting records of the Township to bring the balances to those presented in the financial statements.

General Fund

1. \$31,810 and \$36,176 to reverse and accrue prior and current year taxes receivable.
2. \$78,788 to adjust the Township's various bank accounts to their correct year end balances.
3. \$7,086 to classify property tax collections to the proper accounts.
4. \$6,952 to record the Cole Park Grant transactions.
5. \$36,598 and \$38,669 to reverse and accrue final state revenue sharing payments receivable at year-end.

Passed Audit Adjustments

There were no adjustments proposed during the audit that were not recorded by Wright Township.

Suggestions And Recommendations

We offered suggestions and recommendations of a minor nature regarding the day-to-day operations of the accounting system to the Township Clerk and Treasurer as the topics arose during the course of our audit field work. Hopefully, these suggestions will ease the day-to-day operations of the Township's business office and assist in more efficient monthly and year end financial record keeping and reporting.

* * * * *

This communication is intended solely for the information and use of the Township Board, officers, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to Wright Township and hope to continue to do so in the future. We also appreciate the dedication and cooperation of Wright Township Clerk and Treasurer in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communication, we will be happy to address them.

Hungerford, Aldrin, Nichols & Barten, P.C.

Certified Public Accountants